

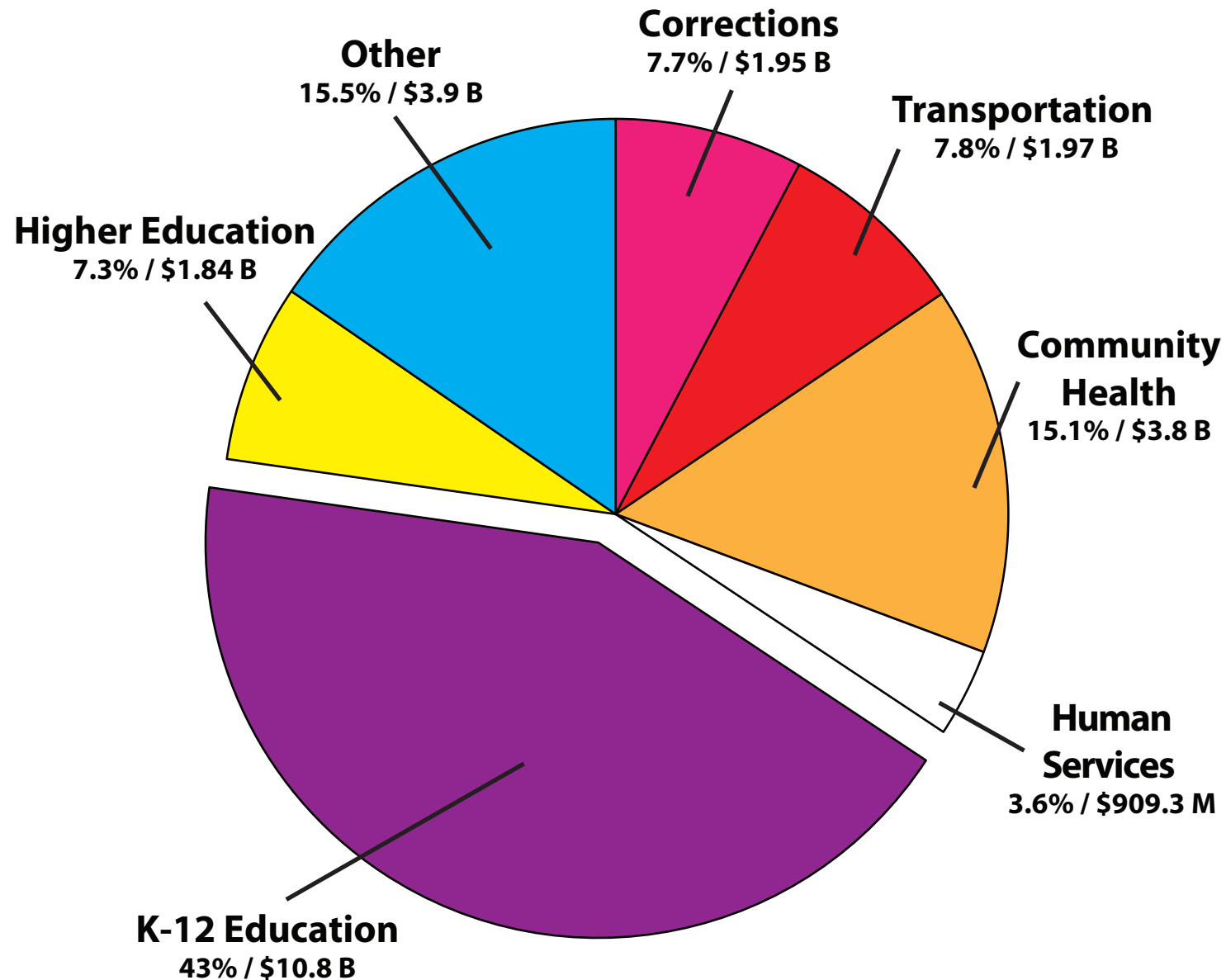


2004-2010 General Fund

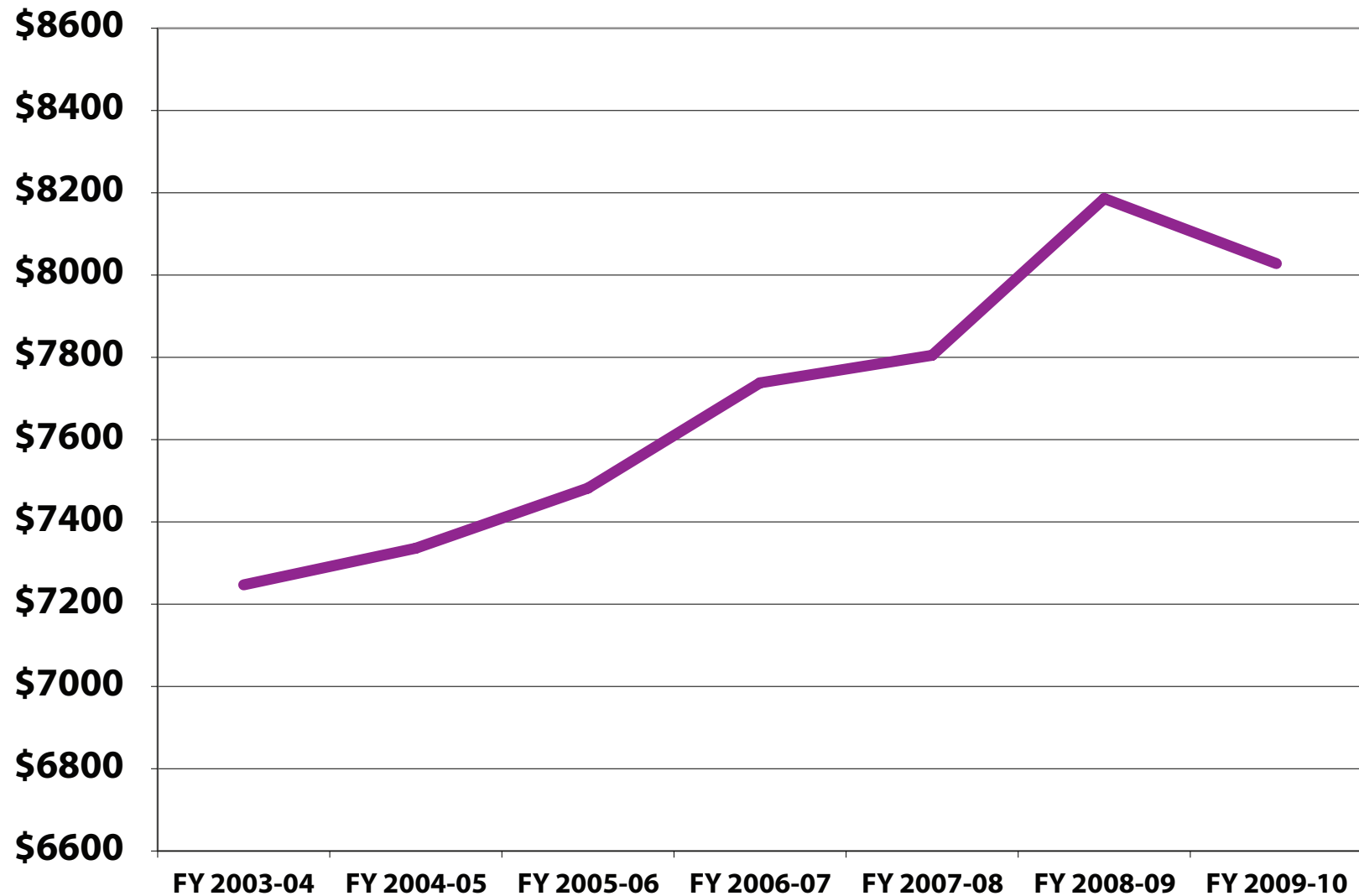
Expenditures vs. Revenues



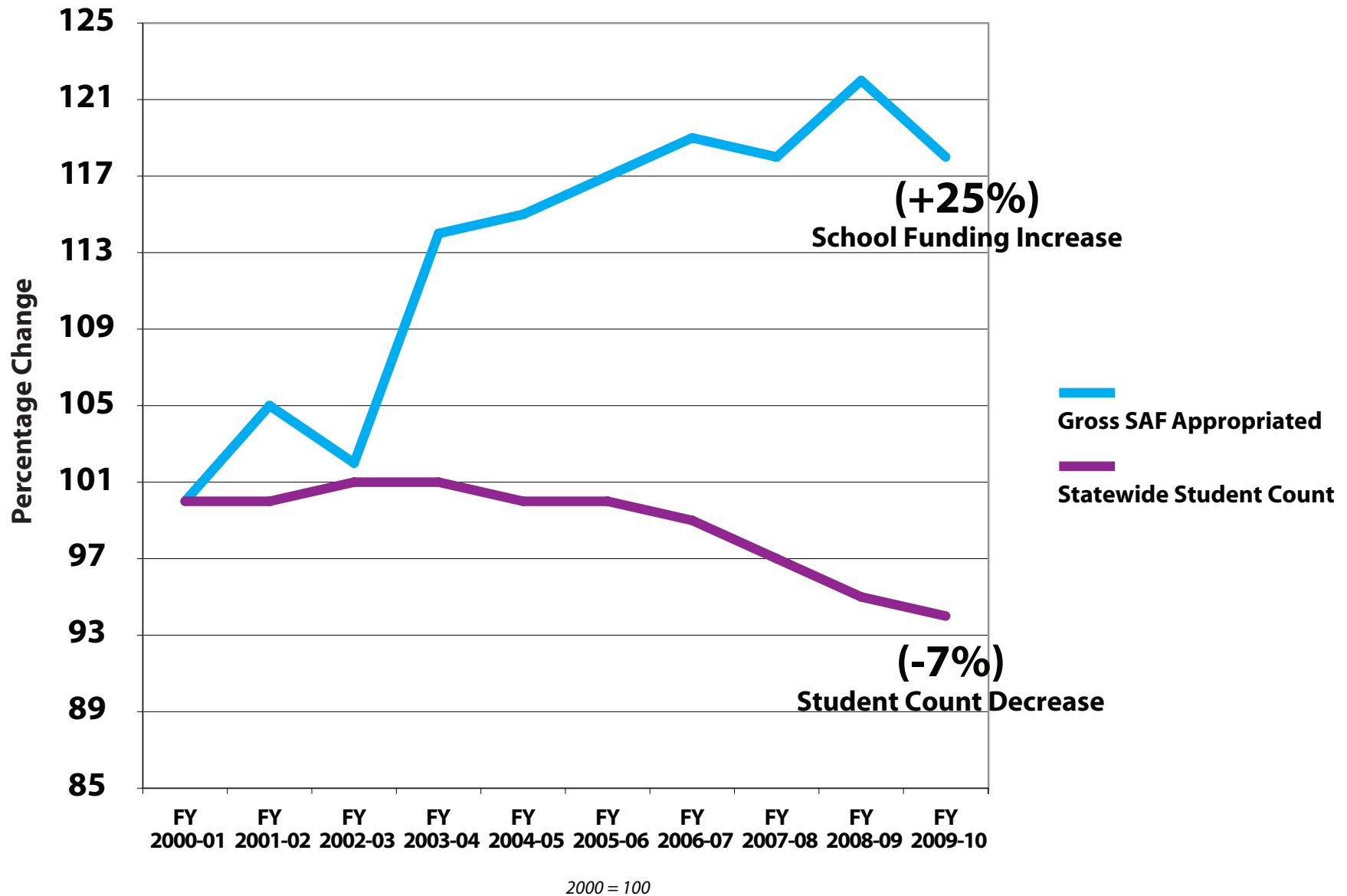
SPENDING PRIORITIES FROM STATE RESOURCES



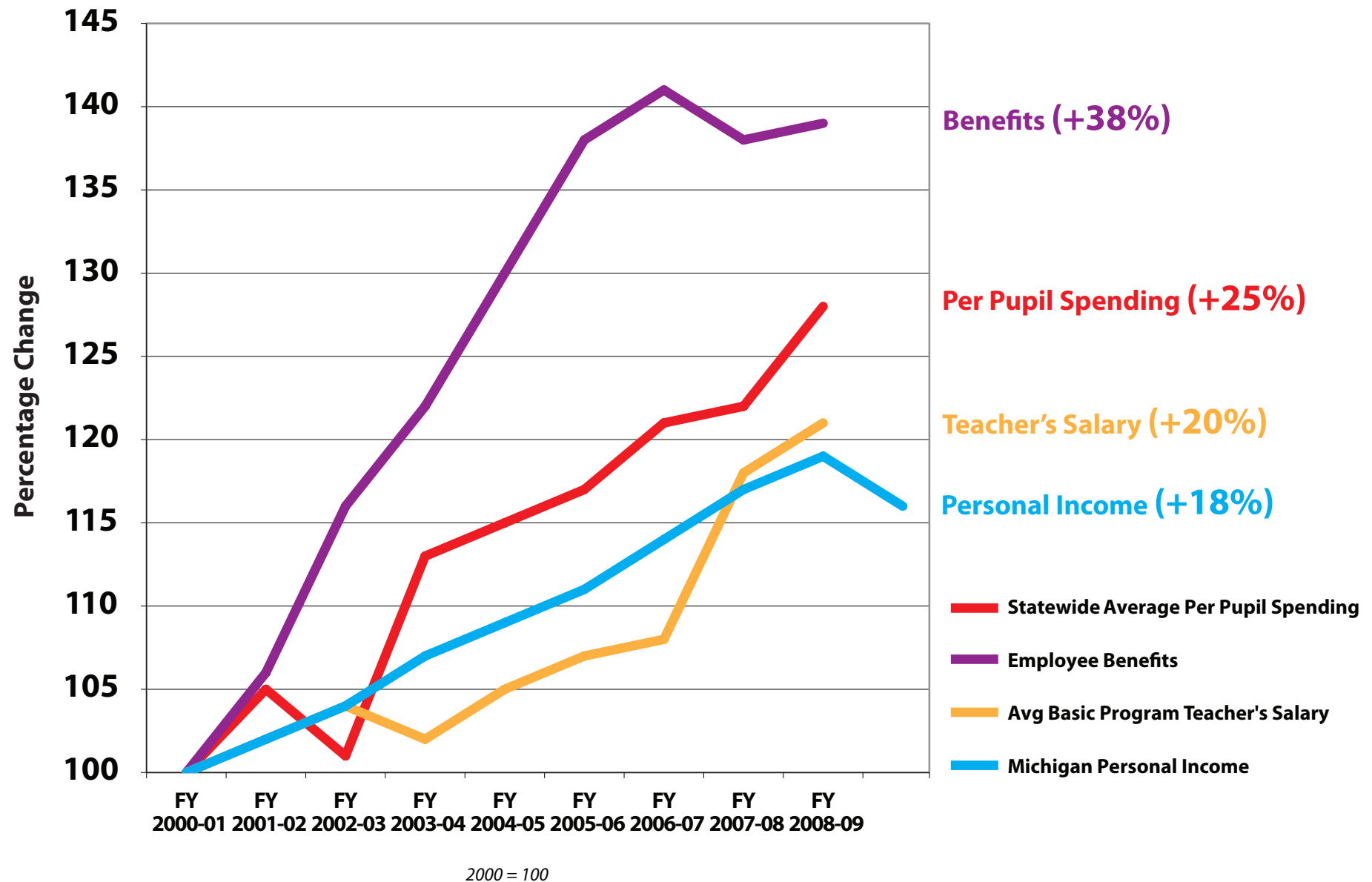
K-12 STATEWIDE AVERAGE SPENDING PER CHILD



K-12 PUPIL SPENDING INDEX

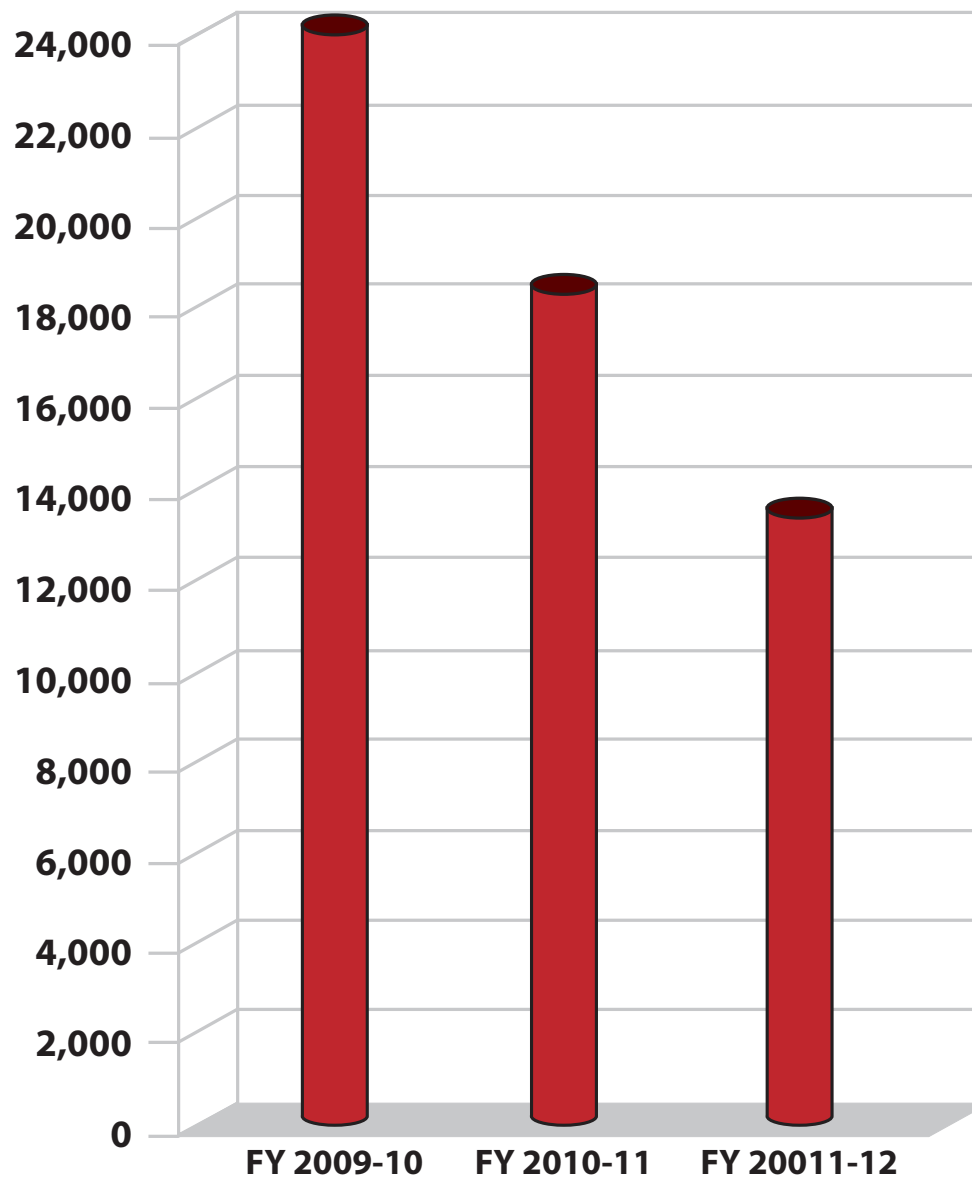


K-12 COST INDEX



PROJECTED LOSS OF PUPILS STATEWIDE

Pupil Losses (change from prior year)

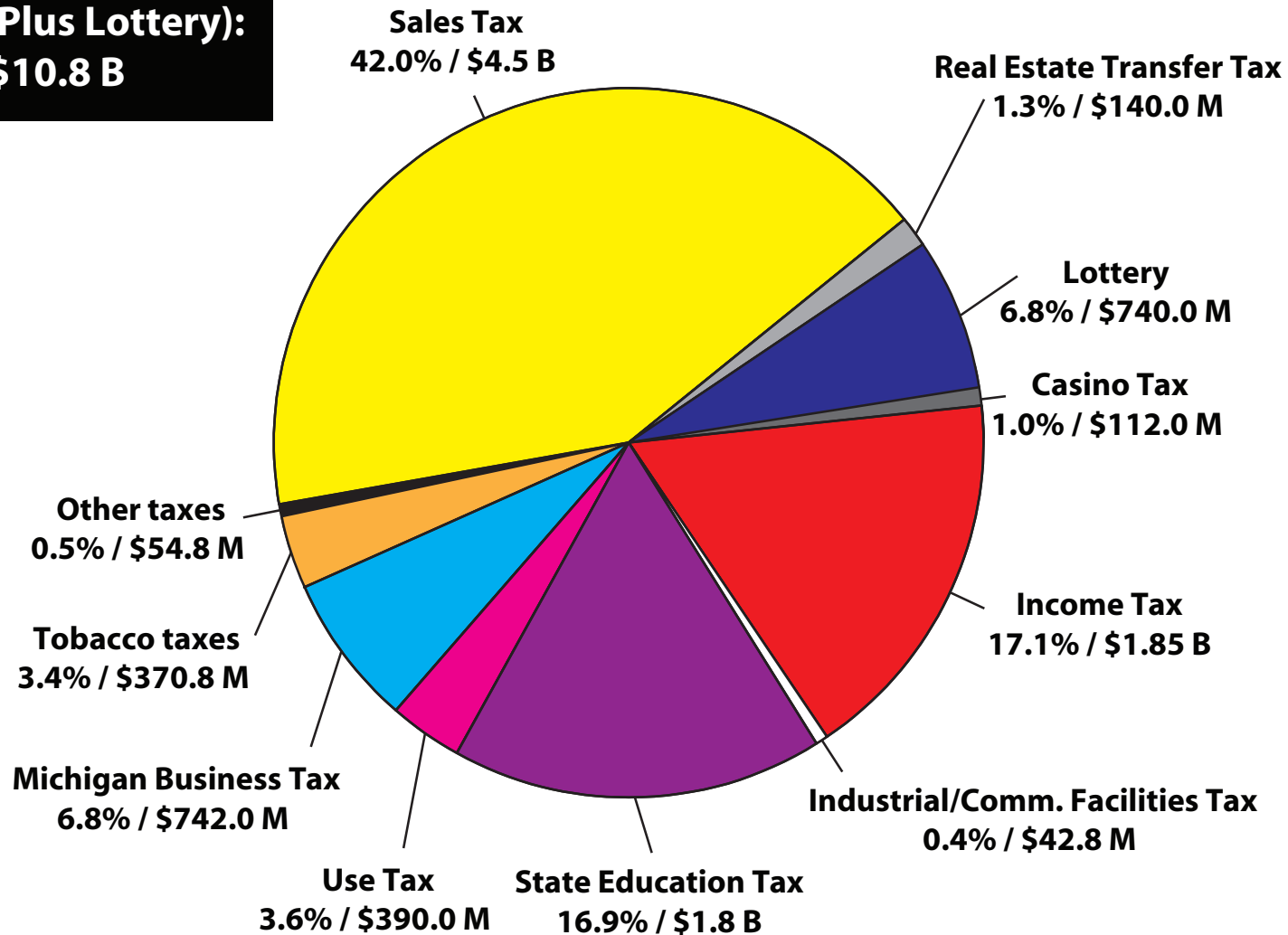


SCHOOL FUNDING — OUR TOP PRIORITY

Budget Area	FY 2002-03 Appropriations	FY 2009-10 Appropriations	Appropriation Percent Change	Participant Percent Change
School Aid	\$11,334,600,000	\$10,771,700,000	-5.0%	-6.8%
Higher Education	\$1,839,400,000	\$1,538,100,000	-16.4%	+4.5%
Local Gov't Revenue Sharing	\$1,250,000,000	\$972,700,000	-22.2%	0%
Human Services	\$1,199,600,000	\$909,300,000	-24.2%	+7.2%
Community Health – Medicaid	\$3,259,400,000	\$3,792,800,000	+16.4%	+40.3%

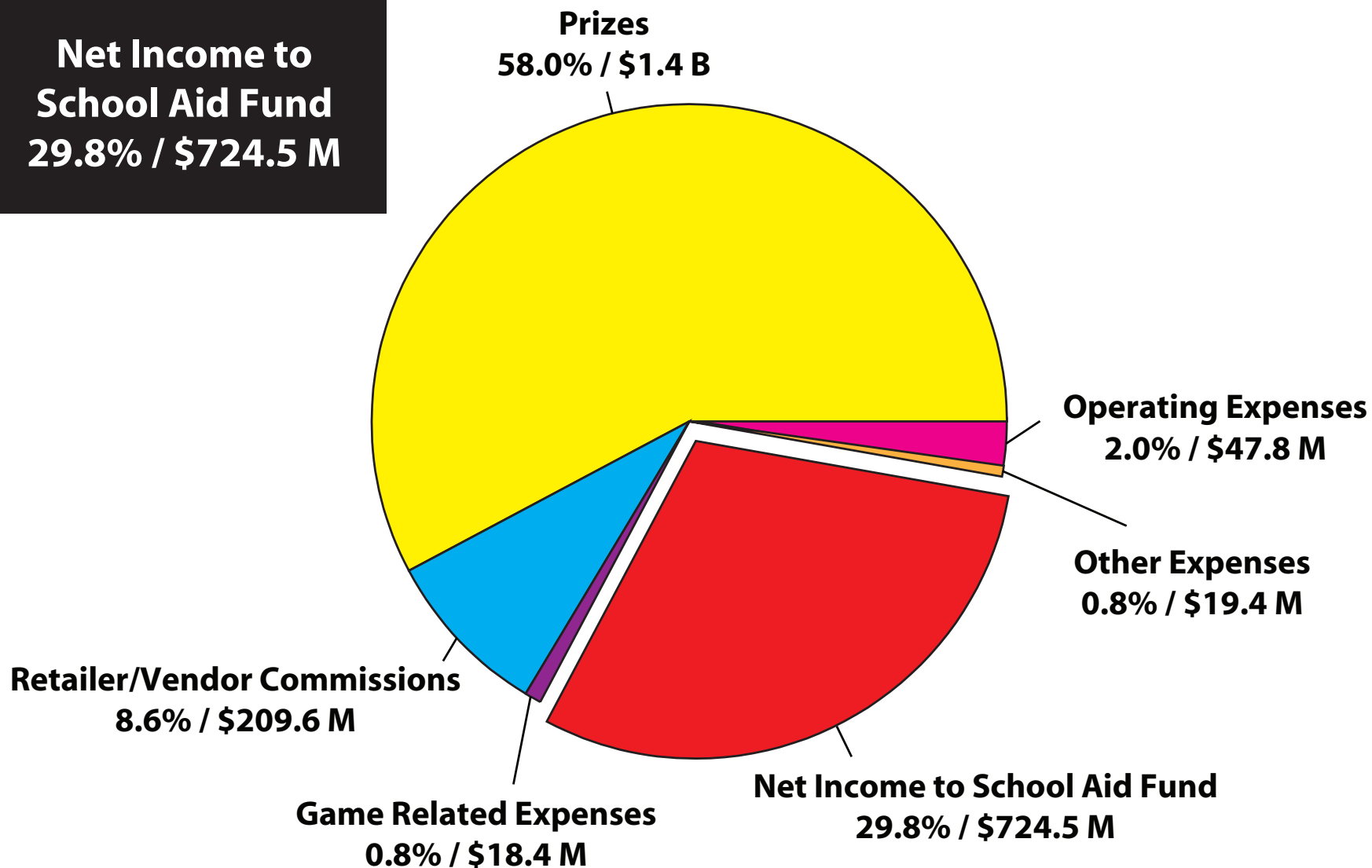
FY 2010-11 SCHOOL AID FUND REVENUE SOURCES

**Total
(Taxes Plus Lottery):
\$10.8 B**



May 21, 2010 Consensus Revenue Estimates

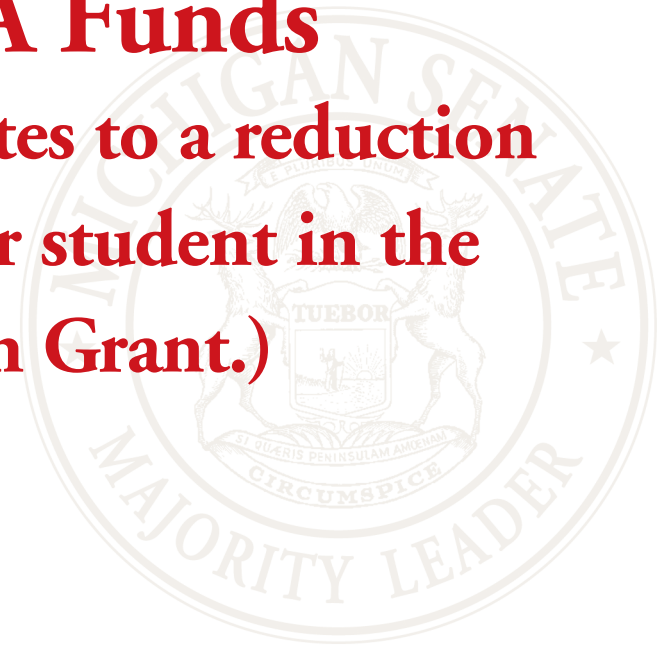
DISTRIBUTION OF LOTTERY REVENUE



FY 12 STATE BUDGET

**General Fund — \$850 M loss
of ARRA Funds**

**SAF — \$184 M loss
of ARRA Funds**
(This equates to a reduction
of \$117 per student in the
Foundation Grant.)



SENATE-PASSED REFORMS

Education Reform - (Race to the Top)

Potential \$400 M

- Allowed more high performing charter schools
- Created alternative paths to teacher certification
- Will improve failing schools and teacher effectiveness

School Employee Retirement

\$650 M in 2011 — \$3.1 B by 2020

- Addresses next year's school budget by implementing a 3 - percent employee contribution.
- Saves jobs by providing an incentive for older teachers to retire rather than force layoffs of lower seniority teachers.



SENATE-PASSED REFORMS

Regulatory Efficiency - \$1.4 B

- Addressed unemployment insurance fraud *\$100 M*
- Addressed regulatory efficiency to improve business competitiveness
- Reduced corrections per-prisoner spending *\$38.2 M*
- Balanced FY 2010 budget with cuts *\$1.2 B*



SENATE-PASSED REFORMS

Local Police & Fire Reforms

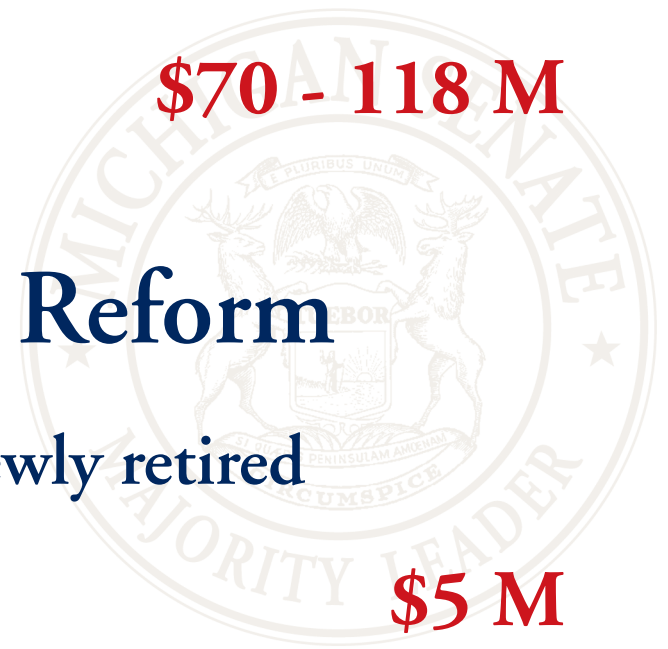
- Encouraged cooperation of local police and fire services by removing obstacles to consolidation
- Expedited arbitration process for police and fire (PA 312 reform)

\$70 - 118 M


Lawmaker Healthcare Reform

- Eliminated retirement healthcare for newly retired lawmakers

\$5 M





The background features a large, faint, circular seal of the Michigan Senate Majority Leader. The seal contains the text "MICHIGAN SENATE" at the top and "MAJORITY LEADER" at the bottom. In the center is the Great Seal of the State of Michigan, which includes a shield with a ship, a star, and the word "TUEBOR". Above the shield is a banner with "E PLURIBUS UNUM", and below it is another banner with "SI QUÆRIS PENINSULAM AMENAM". The seal is flanked by two stars.

Senate Reforms In the Works

SENATE REFORMS IN THE WORKS

- K-12 School Spending Reforms
- Public Employee Healthcare Reform
- State Employee Pension Reform
- Government Efficiency Reforms
- Compensation Reform for Public Servants



SENATE REFORMS IN THE WORKS

K-12 School Spending Reforms

a – Reduce administrative costs in order to direct resources to classrooms* **\$163 M**

b – Require competitive bids for all K-12 non-instructional services (custodial and food services)* **\$200 - 500 M**

Total Savings: \$363 - 663 M

** In Senate Reforms Committee*

SENATE REFORMS IN THE WORKS

Public Employee Healthcare Reform

- Caps employers' share of healthcare costs at 80% of current costs.

\$610 M

Total Savings: \$610 M

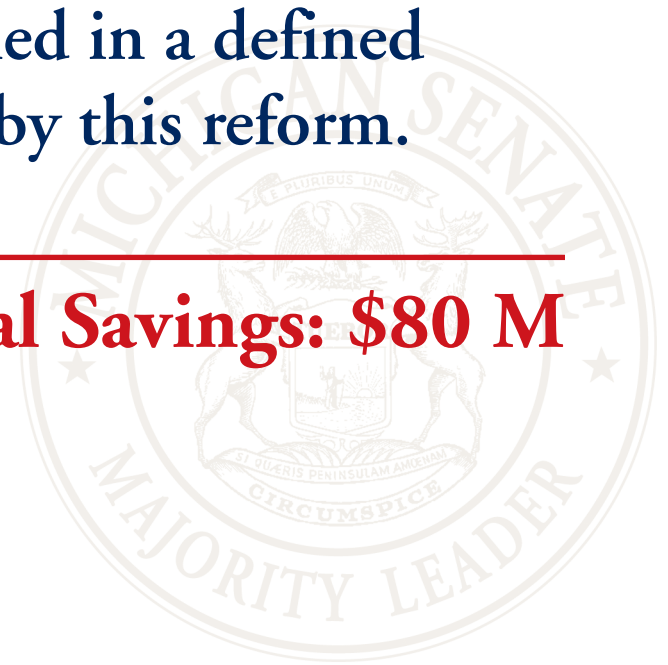


SENATE REFORMS IN THE WORKS

State Employee Pension Reform

- Asks state employees in the defined benefit plan to contribute 3 percent to their future pension benefits;
- Employees hired since 1997 have enrolled in a defined contribution plan that is not impacted by this reform.

Total Savings: \$80 M



SENATE REFORMS IN THE WORKS

Government Efficiency Reforms

- Reduce number of state departments to 11
- Combine all licensing and permitting under one “Michigan Department of Business Assistance”

Indeterminate



SENATE REFORMS IN THE WORKS

Compensation Reform for Public Servants

- 5-percent pay adjustment for all public servants, including legislators
- Constitutional amendment for the November ballot

Total Savings: \$1 B



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Please visit our website at
www.senate.mi.gov/gop/reforms